

WAYNE COUNTY, MISSISSIPPI

Audited Financial Statements and Special Reports
For the Year Ended September 30, 2018

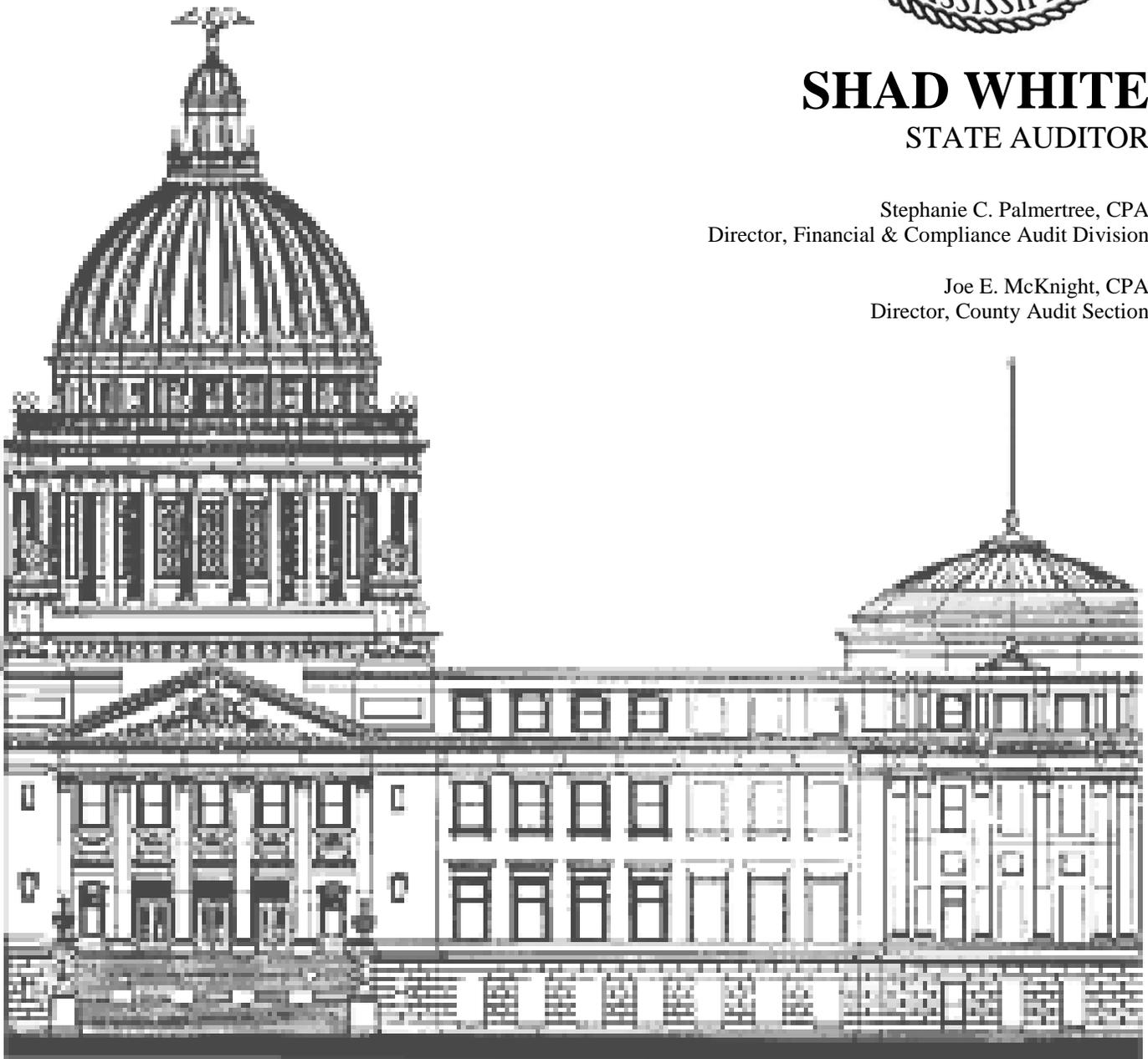


SHAD WHITE

STATE AUDITOR

Stephanie C. Palmertree, CPA
Director, Financial & Compliance Audit Division

Joe E. McKnight, CPA
Director, County Audit Section



A Report from the County Audit Section

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR**

Shad White
AUDITOR

May 7, 2020

Members of the Board of Supervisors
Wayne County, Mississippi

Dear Board Members:

I am pleased to submit to you the 2018 financial and compliance audit report for Wayne County. This audit was performed pursuant to Section 7-7-211(e), Mississippi Code Ann. (1972). The audit was performed in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

I appreciate the cooperation and courtesy extended by the officials and employees of Wayne County throughout the audit. Thank you for working to move Mississippi forward by serving as a supervisor for Wayne County. If I or this office can be of any further assistance, please contact me or Joe McKnight of my staff at (601) 576-2674.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Shad White", is written over a horizontal line.

Shad White

WAYNE COUNTY
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WAYNE COUNTY

FINANCIAL SECTION

WAYNE COUNTY

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**STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR**

INDEPENDENT AUDITOR'S REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Mississippi, (the County) as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County's primary government as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting, as described in Note 1. This includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the County's legally separate component units. Accounting principles applicable to the County's cash basis of accounting require the financial data for those component units to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units. The County has not issued such reporting entity financial statements. The amount by which this departure would affect the cash basis assets, net position, receipts, and disbursements of the aggregate discretely presented component units is not reasonably determinable.

Adverse Opinion

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on the Aggregate Discretely Presented Component Units" paragraph, the financial statements referred to above do not present fairly the cash basis financial position of the aggregate discretely presented component units of Wayne County, Mississippi, as of September 30, 2018, or the changes in cash basis financial position thereof for the year then ended in accordance with accounting principles applicable to the County's cash basis of accounting.

Unmodified Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Mississippi, as of September 30, 2018, and the respective changes in cash basis financial position thereof for the year then ended, in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements which describes that Wayne County, Mississippi prepares its financial statements on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Report on Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Wayne County, Mississippi's basic financial statements. The accompanying Schedule of Operating Costs of Solid Waste is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying the Schedule of Operating Costs of Solid Waste is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Costs of Solid Waste is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Budgetary Comparison Schedule, Schedule of Investments, Schedule of Interfund Loans and Advances, Schedule of Capital Assets, Schedule of Changes in Long-term Debt, Schedule of Surety Bonds for County Officials and corresponding notes have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 7, 2020 on our consideration of Wayne County, Mississippi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Wayne County, Mississippi's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Wayne County, Mississippi's internal control over financial reporting and compliance.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 7, 2020

WAYNE COUNTY

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WAYNE COUNTY

FINANCIAL STATEMENTS

WAYNE COUNTY

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WAYNE COUNTY
Statement of Net Position - Cash Basis
September 30, 2018

Exhibit 1

	<u>Primary Government</u>
	<u>Governmental</u>
	<u>Activities</u>
ASSETS	
Cash	\$ 8,519,573
Total Assets	<u>8,519,573</u>
NET POSITION	
Restricted:	
Expendable:	
General government	429,210
Public safety	372,155
Public works	4,145,695
Culture and recreation	36,671
Economic development and assistance	2,142,379
Debt service	256,245
Unrestricted	<u>1,137,218</u>
Total Net Position	<u>\$ 8,519,573</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Activities - Cash Basis
For the Year Ended September 30, 2018

Exhibit 2

Functions/Programs	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Receipts and Changes in Net Position
					Primary Government
					Governmental Activities
Primary government:					
Governmental activities:					
General government	\$ 3,010,347	1,614,164			(1,396,183)
Public safety	2,989,721		110,443	46,861	(2,832,417)
Public works	4,379,069		850,270	179,248	(3,349,551)
Health and welfare	293,148		64,987		(228,161)
Culture and recreation	15,810			113,440	97,630
Conservation of natural resources	79,276		2,090		(77,186)
Economic development and assistance	603,292		11,232		(592,060)
Debt service:					
Principal	1,417,347				(1,417,347)
Interest	299,571				(299,571)
Total Governmental Activities	\$ 13,087,581	1,614,164	1,039,022	339,549	(10,094,846)
General receipts:					
Property taxes				\$ 5,827,579	5,827,579
Road & bridge privilege taxes				276,240	276,240
Grants and contributions not restricted to specific programs				1,870,230	1,870,230
Unrestricted interest income				83,654	83,654
Miscellaneous				615,172	615,172
Proceeds from debt issuance				661,866	661,866
Sale of county property				292,590	292,590
Compensation for loss of county property				42,736	42,736
Total General Receipts and Other Cash Sources				9,670,067	9,670,067
Changes in Net Position					(424,779)
Net Position - Beginning, as previously reported					8,944,692
Prior period adjustment					(340)
Net Position - Beginning of year, as restated					8,944,352
Net Position - Ending				\$	8,519,573

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
September 30, 2018

Exhibit 3

	Major Funds		Other Governmental Funds	Total Governmental Funds
	General Fund	Meadowland Park Construction Fund		
ASSETS				
Cash	\$ 1,137,218	2,109,628	5,272,727	8,519,573
Total Assets	<u>\$ 1,137,218</u>	<u>2,109,628</u>	<u>5,272,727</u>	<u>8,519,573</u>
FUND BALANCES				
Restricted for:				
General government			429,210	429,210
Public safety			372,155	372,155
Public works			4,145,695	4,145,695
Culture and recreation			36,671	36,671
Economic development and assistance		2,109,628	32,751	2,142,379
Debt service			256,245	256,245
Unassigned	1,137,218			1,137,218
Total Fund Balances	<u>\$ 1,137,218</u>	<u>2,109,628</u>	<u>5,272,727</u>	<u>8,519,573</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances -
Governmental Funds
For the Year Ended September 30, 2018

Exhibit 4

	Major Funds			Total Governmental Funds
	General Fund	Meadowland Park Construction Fund	Other Governmental Funds	
RECEIPTS				
Property taxes	\$ 2,956,281		2,871,298	5,827,579
Road and bridge privilege taxes			276,240	276,240
Licenses, commissions and other receipts	189,824		643,110	832,934
Fines and forfeitures	329,241		2,731	331,972
Intergovernmental receipts	1,180,767		2,068,034	3,248,801
Charges for services	82,830		366,428	449,258
Interest income	23,588	18,793	41,273	83,654
Miscellaneous receipts	287,605	154,000	173,567	615,172
Total Receipts	5,050,136	172,793	6,442,681	11,665,610
DISBURSEMENTS				
General government	2,891,402		118,945	3,010,347
Public safety	2,152,602		837,119	2,989,721
Public works			4,379,069	4,379,069
Health and welfare	293,148			293,148
Culture and recreation	10,000		5,810	15,810
Conservation of natural resources	79,276			79,276
Economic development and assistance	52,103	542,039	9,150	603,292
Debt service:				
Principal	188,556		1,228,791	1,417,347
Interest	13,872		285,699	299,571
Total Disbursements	5,680,959	542,039	6,864,583	13,087,581
Excess (Deficiency) of Receipts over (under) Disbursements	(630,823)	(369,246)	(421,902)	(1,421,971)
OTHER CASH SOURCES (USES)				
Proceeds from long-term debt issuance			661,866	661,866
Sale of county property			292,590	292,590
Compensation for loss of county property	33,070		9,666	42,736
Transfers in	2,110		6,622	8,732
Transfers out	(6,622)		(2,110)	(8,732)
Total Other Cash Sources and Uses	28,558	0	968,634	997,192
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	(602,265)	(369,246)	546,732	(424,779)
Cash Basis Fund Balances - Beginning, as previously reported	1,739,823	2,478,874	4,725,995	8,944,692
Prior period adjustment	(340)			(340)
Cash Basis Fund Balances - Beginning, as restated	1,739,483	2,478,874	4,725,995	8,944,352
Cash Basis Fund Balances - Ending	\$ 1,137,218	2,109,628	5,272,727	8,519,573

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY
Statement of Fiduciary Assets and Liabilities - Cash Basis
September 30, 2018

Exhibit 5

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 48,548
Total Assets	<u>\$ 48,548</u>
LIABILITIES	
Amounts held in custody for others	\$ 48,548
Total Liabilities	<u>\$ 48,548</u>

The notes to the financial statements are an integral part of this statement.

WAYNE COUNTY

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WAYNE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2018

(1) Summary of Significant Accounting Policies.

A. Financial Reporting Entity.

Wayne County, Mississippi (the County), is a political subdivision of the State of Mississippi. The County is governed by an elected five-member Board of Supervisors. The financial statements of the County are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America as established by the Governmental Accounting Standards Board. These accounting principles require Wayne County to present these financial statements on the primary government and its component units which have significant operational or financial relationships with the County.

Management has chosen to omit from these financial statements the following component units which have significant operational or financial relationships with the County. Accordingly, the financial statements do not include the data of all of the County's component units necessary for reporting in accordance with accounting principles applicable to the County's cash basis of accounting.

- Wayne County Economic Development District
- Wayne General Hospital

State law pertaining to county government provides for the independent election of county officials. The following elected and appointed officials are all part of the County legal entity and therefore are reported as part of the primary government financial statements.

- Board of Supervisors
- Chancery Clerk
- Circuit Clerk
- Justice Court Clerk
- Purchase Clerk
- Tax Assessor-Collector
- Sheriff

B. Individual Component Unit Disclosures.

Blended Component Units

Certain component units, although legally separate from the primary government, are nevertheless so intertwined with the primary government that they are, in substance, the same as the primary government. Therefore, these component units are reported as if they are part of the primary government. The following component units' balances and transactions are blended with the balances and transactions of the primary government.

The Wayne County Volunteer Fire Department, Inc. was organized under Section 19-5-151, Miss. Code Ann. (1972), and is a legally separate entity. The fire department provides fire protection and other emergency services to all areas of the county outside the cities of Waynesboro and State Line. A majority of the Department's funding is supplied by the County. The fire department is included as a special revenue fund in the County's financial statements.

The Emergency Management District of Wayne County was created by Wayne County and the City of Waynesboro under the authority of Section 33-15-17, Miss. Code Ann. (1972), to provide emergency management and communications services and facilities (E-911), including emergency radio and telephone dispatching service, in a manner which best fills the needs of all local communities.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

The President of the Board of Supervisors and the Wayne County Sheriff serve as two of the five members of the governing council of the District. The County is legally entitled to and can access the District's resources; and the County is obligated for the debt of the District. The Emergency Management District of Wayne County is included in the County's financial statements as a special revenue fund.

C. Basis of Presentation.

The County's basic financial statements consist of government-wide statements, including a Statement of Net Position – Cash Basis and a Statement of Activities – Cash Basis, fund financial statements and accompanying note disclosures which provide a detailed level of financial information.

Government-wide Financial Statements:

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis display information concerning the County as a whole. The statements include all non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are generally financed through taxes, intergovernmental receipts and other non-exchange receipts.

The Statement of Net Position – Cash Basis presents the financial condition of the governmental activities of the County at year-end. The Government-wide Statement of Activities – Cash Basis presents a comparison between direct disbursements and program receipts for each function or program of the County's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore, are clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other receipts not classified as program receipts are presented as general receipts of the County, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing or draws from the general receipts of the County.

Fund Financial Statements:

Fund financial statements of the County are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, fund balances, receipts and disbursements. Funds are organized into governmental and fiduciary. Major individual Governmental Funds are reported as separate columns in the fund financial statements. Non-major funds are aggregated and presented in a single column as Other Governmental Funds.

D. Measurement Focus and Basis of Accounting.

The Government-wide, Governmental Funds, and Fiduciary Funds financial statements are presented on a cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America (GAAP) as established by the Governmental Accounting Standards Board. This basis of accounting involves the reporting of only cash and cash equivalents and the changes therein resulting from cash inflows (cash receipts) and cash outflows (cash disbursements) reported in the period in which they occurred. This cash basis of accounting differs from GAAP primarily because revenues (cash receipts) are recognized when received in cash rather than when earned and susceptible to accrual, and expenditures or expenses (cash disbursements) are recognized when paid rather than when incurred or subject to accrual.

The County reports the following major Governmental Funds:

General Fund - This fund is used to account for and report all financial resources not accounted for and reported in another fund.

WAYNE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2018

Meadowland Park Construction Fund - This fund is used to account for resources accumulated and used for infrastructure construction in the Meadowland Industrial Park.

Additionally, the County reports the following fund types:

GOVERNMENTAL FUND TYPES

Special Revenue Funds - These funds are used to account for and report the proceeds of specific cash sources that are restricted or committed to disbursement for specified purposes other than debt service or capital projects.

Debt Service Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for principal and interest.

Capital Projects Funds - These funds are used to account for and report financial resources that are restricted, committed, or assigned to disbursement for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUND TYPE

Agency Funds - These funds account for various taxes, deposits and other monies collected or held by the County, acting in the capacity of an agent, for distribution to other governmental units or designated beneficiaries.

E. Account Classifications.

The account classification used in the financial statements conform to the broad classifications recommended in *Governmental Accounting, Auditing and Financial Reporting* as issued in 2012 by the Government Finance Officers Association.

F. Deposits.

State law authorizes the County to invest in interest bearing time certificates of deposit for periods of fourteen days to one year with depositories and in obligations of the U.S. Treasury, State of Mississippi, or any county, municipality or school district of this state. Further, the County may invest in certain repurchase agreements.

Cash includes cash on hand, demand deposits, all certificates of deposit and cash equivalents, which are short-term highly liquid investments that are readily convertible to cash (generally three months or less).

G. Equity Classifications.

Government-wide Financial Statements:

Equity is classified as net position and displayed in two components:

Restricted net position - Consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position not meeting the definition of "restricted."

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Net Position Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

Fund Financial Statements:

Fund balances for governmental funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund balance is classified as restricted or unassigned. The following are descriptions of fund classifications used by the County:

Restricted fund balance includes amounts that have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

Unassigned fund balance is the residual classification for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds if disbursements paid for specific purposes exceeded the amounts restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumption:

When a disbursement is paid for purposes for which both restricted and unrestricted (committed, assigned or unassigned) resources are available, it is the County's general policy to use restricted resources first. When disbursements are paid for purposes for which unrestricted (committed, assigned and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the County's general policy to spend committed resources first, followed by assigned amounts, and then unassigned amounts.

H. Property Tax Receipts.

Numerous statutes exist under which the Board of Supervisors may levy property taxes. The selection of authorities is made based on the objectives and responsibilities of the County. Restrictions associated with property tax levies vary with the statutory authority. The amount of increase in certain property taxes is limited by state law. Generally, this restriction provides that these tax levies shall produce no more than 110% of the amount which resulted from the assessments of the previous year.

The Board of Supervisors, each year at a meeting in September, levies property taxes for the ensuing fiscal year which begins on October 1. Real property taxes become a lien on January 1 of the current year, and personal property taxes become a lien on March 1 of the current year. Taxes on both real and personal property, however, are due on or before February 1 of the next succeeding year. Taxes on motor vehicles and mobile homes become a lien and are due in the month that coincides with the month of original purchase. All property taxes are recognized as receipts when collected.

WAYNE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2018

(2) Prior Period Adjustment.

A summary of the significant net position/fund balance adjustment is as follows:

Exhibit 2 – Statement of Activities – Governmental Activities.

<u>Explanation</u>	<u>Amount</u>
To correct the beginning fund balance for the General Fund.	\$ <u><u>(340)</u></u>

Exhibit 4 – Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances – Governmental Funds.

<u>Explanation</u>	<u>Amount</u>
To correct the beginning fund balance for the General Fund.	\$ <u><u>340</u></u>

(3) Deposits.

The carrying amount of the County's total deposits with financial institutions at September 30, 2018, was \$ 8,568,121, and the bank balance was \$8,785,947. The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Miss. Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC).

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of the failure of a financial institution, the County will not be able to recover deposits or collateral securities that are in the possession of an outside party. The County does not have a formal policy for custodial credit risk. In the event of failure of a financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Deposit Insurance Corporation (FDIC). Deposits above FDIC coverage are collateralized by the pledging financial institution's trust department or agent in the name of the Mississippi State Treasurer on behalf of the County.

(4) Interfund Transfers.

The following is a summary of interfund transfers at September 30, 2018:

Transfers In/Out:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
General Fund	Other Governmental Funds	\$ 2,110
Other Governmental Funds	General Fund	<u>6,622</u>
Total		\$ <u><u>8,732</u></u>

The principal purpose of interfund transfers was to provide funds for grant matches or to provide funds to pay for capital outlay. All interfund transfers were routine and consistent with the activities of the fund making the transfer.

WAYNE COUNTY

Notes to Financial Statements
For the Year Ended September 30, 2018

(5) Claims and Judgments.

Risk Financing.

The County finances its exposure to risk of loss related to workers' compensation for injuries to its employees through the Mississippi Public Entity Workers' Compensation Trust, a public entity risk pool. The County pays premiums to the pool for its workers' compensation insurance coverage, and the participation agreement provides that the pool will be self-sustaining through member premiums. The retention for the pool is \$1,000,000 for each accident and completely covers statutory limits set by the Workers' Compensation Commission. Risk of loss is remote for claims exceeding the pool's retention liability. However, the pool also has catastrophic reinsurance coverage for statutory limits above the pool's retention, provided by Safety National Casualty Corporation, effective from January 1, 2018, to January 1, 2019. The pool may make an overall supplemental assessment or declare a refund depending on the loss experience of all the entities it insures.

(6) Contingencies.

Federal Grants - The County has received federal grants for specific purposes that are subject to audit by the grantor agencies. Entitlements to these resources are generally conditional upon compliance with the terms and conditions of grant agreements and applicable federal regulations, including the disbursements of resources for allowable purposes. The County may be responsible for any disallowances.

Litigation - The County is party to legal proceedings, many of which occur in the normal course of governmental operations. It is not possible at the present time to estimate ultimate outcome or liability, if any, of the County with respect to the various proceedings. However, the County's legal counsel believes that ultimate liability resulting from these lawsuits will not have a material adverse effect on the financial condition of the County.

(7) Joint Ventures.

The County participates in the following joint venture:

Wayne County is a participant with the City of Waynesboro in a joint venture authorized by Section 39-3-8, Miss. Code Ann. (1972), to operate the Waynesboro-Wayne County Library System. The Library was created to provide free public library service to citizens of the respective county and city. The Library is governed by a ten-member board, one from each county and each city district. The County and city are obligated by contract to levy not more than a four mill and three mill tax, respectively, as provided by Section 39-3-5(1) and 39-3-7(1), Miss. Code Ann. (1972), respectively, for the ongoing financial support of the Library. By contractual agreement, the County's appropriation to the joint venture this year amounted to \$139,194. Complete financial statements for the Library can be obtained from the Waynesboro-Wayne County Library, 1103A Mississippi Drive, Waynesboro, Mississippi 39367.

(8) Jointly Governed Organizations.

The County participates in the following jointly governed organizations:

Southern Mississippi Planning and Development District operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jefferson Davis, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The Wayne County Board of Supervisors appoints one of the 27 members of the board of directors. The County contributed \$28,750 for support of the district in fiscal year 2018, a small percentage of the district's total revenue.

Pine Belt Mental Health Care Resources operates in a district composed of the Counties of Covington, Forrest, Greene, Jefferson Davis, Jones, Lamar, Marion, Perry and Wayne. The Wayne County Board of Supervisors appoints one of the nine members of the board of commissioners. The County contributed \$47,500 for support of the entity in fiscal year 2018.

WAYNE COUNTY

Notes to Financial Statements For the Year Ended September 30, 2018

Jones County Junior College operates in a district composed of the Counties of Clarke, Covington, Greene, Jasper, Jones, Perry, Smith and Wayne. The college is governed by a 20-member board of trustees. Each county appoints two of the college's trustees, except Jones County, which appoints six. The County contributed \$592,526 for maintenance and support of the college in fiscal year 2018.

Mississippi Regional Housing Authority VIII operates in a district composed of the Counties of Covington, Forrest, George, Greene, Hancock, Harrison, Jackson, Jones, Lamar, Marion, Pearl River, Perry, Stone and Wayne. The governing body is a 15-member board of commissioners, one appointed by the Board of Supervisors of each of the member counties and one appointed at large. The counties generally provide no financial support to the organization.

Multi-County Community Service Agency is a human resources agency created to administer programs conducted by community action agencies, limited purpose agencies and related programs authorized by federal laws. Its six members are as follows: Clarke, Jasper, Kemper, Lauderdale, Newton and Wayne Counties. Each member appoints three of the 18 board members. The County contributed \$10,000 for support of the entity in fiscal year 2018.

Regional Railroad Authority of East Mississippi was created in September 2009 by Clarke, George, Greene and Wayne Counties; Lauderdale County's membership was effective a month later. The Authority was created to preserve, develop, and maintain rail service in the member counties. Each member county appoints five commissioners to the Board of Commissioners of the Authority, while any municipality in each of these counties through which such railroad(s) run appoints one commissioner. The County contributed funds for support of the Authority for fiscal year 2018 during fiscal year 2017.

(9) Defined Benefit Pension Plan.

Plan Description. Wayne County, Mississippi, contributes to the Public Employees' Retirement System of Mississippi (PERS), a cost-sharing, multiple-employer, defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Plan provisions and the Board of Trustees' authority to determine contribution rates are established by Miss. Code Ann. Section 25-11-1 et seq., (1972, as amended) and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling 1-800-444-PERS.

Funding Policy. At September 30, 2018, PERS members were required to contribute 9% of their annual covered salary, and the County is required to contribute at an actuarially determined rate. The rate at September 30, 2018 was 15.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature. The County's contributions (employer share only) to PERS for the years ending September 30, 2018, 2017 and 2016 were \$673,265, \$624,897 and \$629,503, respectively, equal to the required contributions for each year.

(10) Tax Abatements.

As of September 30, 2018, Wayne County provides tax exempt status to four manufacturing companies, one processing plant and three CO2 Recycling plants subject to the requirements of GASB Statement No. 77. These companies are exempt from real property taxes and personal property taxes except for levies involving the school; the mandatory mill, and community college tax levies. These exemptions are authorized under Sections 27-31-101 and 27-31-105 of the Miss. Code Ann. (1972). These exemptions encourage businesses to locate or expand operations in the County and to create jobs. The amount of taxes abated during fiscal year 2018 totaled \$ 16,778.

WAYNE COUNTY

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WAYNE COUNTY

SUPPLEMENTARY INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
 Schedule of Operating Costs of Solid Waste
 For the Year Ended September 30, 2018

Operating Disbursements, Cash Basis:

Salaries	\$	476,557
Expendable Commodities:		
Gasoline and petroleum products		61,403
Repair parts		32,175
Clothing		150
Hauling and landfill fees		66,770
Maintenance		14,784
Contractual services		23,017
Supplies		4,469
		<hr/>
Solid Waste Operating Costs Disbursements	\$	<u><u>679,325</u></u>

WAYNE COUNTY

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WAYNE COUNTY

OTHER INFORMATION

WAYNE COUNTY

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WAYNE COUNTY
 Budgetary Comparison Schedule -
 Budget and Actual (Non-GAAP Basis)
 General Fund
 For the Year Ended September 30, 2018
 UNAUDITED

	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance with Final Budget Positive (Negative)
RECEIPTS				
Property taxes	\$ 2,807,380	2,956,281	2,956,281	
Licenses, commissions and other receipts	228,750	189,824	189,824	
Fines and forfeitures	408,200	329,241	329,241	
Intergovernmental receipts	752,200	1,180,767	1,180,767	
Charges for services	115,400	82,830	82,830	
Interest income	20,000	23,588	23,588	
Miscellaneous receipts	263,800	287,605	287,605	
Total Receipts	<u>4,595,730</u>	<u>5,050,136</u>	<u>5,050,136</u>	<u>0</u>
DISBURSEMENTS				
Current:				
General government	3,136,550	2,891,402	2,891,402	
Public safety	2,292,480	2,152,602	2,152,602	
Health and welfare	307,620	293,148	293,148	
Culture and recreation	10,000	10,000	10,000	
Conservation of natural resources	82,330	79,276	79,276	
Economic development and assistance	45,187	52,103	52,103	
Debt service:				
Principal		188,556	188,556	
Interest		13,872	13,872	
Total Disbursements	<u>5,874,167</u>	<u>5,680,959</u>	<u>5,680,959</u>	<u>0</u>
Excess (Deficiency) of Receipts over (under) Disbursements	<u>(1,278,437)</u>	<u>(630,823)</u>	<u>(630,823)</u>	<u>0</u>
OTHER CASH SOURCES (USES)				
Compensation for loss of county property		33,070	33,070	
Transfers in		2,110	2,110	
Transfers out		(6,622)	(6,622)	
Total Other Cash Sources and Uses	<u>0</u>	<u>28,558</u>	<u>28,558</u>	<u>0</u>
Excess (Deficiency) of Receipts and other Cash Sources over (under) Disbursements and other Cash Uses	<u>(1,278,437)</u>	<u>(602,265)</u>	<u>(602,265)</u>	
Cash Basis Fund Balances - Beginning	1,481,000	1,739,823	1,739,823	
Prior period adjustment			(340)	(340)
Cash Basis Fund Balances - Beginning, as restated	<u>1,481,000</u>	<u>1,739,823</u>	<u>1,739,483</u>	<u>(340)</u>
Cash Basis Fund Balances - Ending	<u>\$ 202,563</u>	<u>1,137,558</u>	<u>1,137,218</u>	<u>(340)</u>

WAYNE COUNTY
 Schedule of Interfund Loans and Advances
 For the Year Ended September 30, 2018
 UNAUDITED

The following is a summary of interfund balances at September 30, 2018:

A. Advances From/To Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	Balance at Sept. 30, 2018
General Fund	Other Governmental Funds	\$ 191,459
Meadowland Park Construction Fund	Other Governmental Funds	44,338
Other Governmental Funds	General Fund	106,404
Other Governmental Funds	Other Governmental Funds	193,778
Agency Funds	Other Governmental Funds	<u>33,417</u>
Total		<u>\$ 569,396</u>

The amounts due represent various receipts posted to the incorrect funds that have not been repaid within one year.

WAYNE COUNTY
Schedule of Capital Assets
For the Year Ended September 30, 2018
UNAUDITED

Governmental activities:

	Balance				Balance
	Oct. 1, 2017	Additions	Deletions	Adjustments *	Sept. 30, 2018
Land	\$ 1,943,370			95,226	2,038,596
Construction in progress	2,460,364	661,481		1,395,970	4,517,815
Infrastructure	133,678,617				133,678,617
Buildings	9,379,925				9,379,925
Improvements other than buildings	1,094,481				1,094,481
Mobile equipment	7,833,426	153,198	436,023	526,946	8,077,547
Furniture and equipment	1,901,606	65,573	33,205	16,105	1,950,079
Leased property under capital leases	4,249,536	435,779	406,037	(526,946)	3,752,332
Total capital assets	\$ 162,541,325	1,316,031	875,265	1,507,301	164,489,392

* Adjustments were for leased property moved to mobile equipment and infrastructure that was added to construction in progress and land that was adjusted to the correct amounts and furniture and equipment not included on fixed asset listing in prior year.

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:							
A. General Obligation Bonds:							
General obligation industrial development bonds 2013							
Development Bonds 2013	12/19/2013	12/2033	4.00-5.25%	\$ 5,010,000		180,000	4,830,000
B. Capital Leases:							
County Escrow - New Phone System	02/16/17	03/2022	6.72%	34,030		6,701	27,329
Emergency Oper Center/911 - Communication equipment	06/29/12	06/2019	2.02%	98,482		48,746	49,736
District 1 - Caterpillar	03/10/16	03/2020	2.09%	55,858		21,994	33,864
District 1 - 2017 Western Star truck	05/10/16	05/2018	1.67%	8,174		8,174	
District 1 - Caterpillar Mini excavator	07/12/18	07/2023	5.05%		53,866	1,331	52,535
District 2 - Caterpillar Backhoe	11/01/12	11/2017	1.75%	59,202		59,202	
District 2 - Caterpillar Mini excavator	05/18/18	05/2023	4.55%		51,403	1,750	49,653
District 2 - Caterpillar 430F2 Backhoe Loader	10/11/17	10/2022	3.19%		112,210	9,265	102,945
District 2 - 2014 Mack dump truck	12/09/13	01/2018	2.29%	62,502		62,502	
District 2 - 2014 Mack dump truck	12/09/13	01/2018	2.29%	62,633		62,633	
District 2 - Kubota tractor w/ boom mower	10/01/14	10/2018	1.93%	23,332		23,332	
District 2 - 2014 Mack dump truck (refinanced)	01/23/18	01/2021	3.39%		60,604	12,826	47,778
District 2 - 2014 Caterpillar 930K loader	10/30/14	11/2019	2.12%	127,055		14,721	112,334
District 2 - 2016 Freightliner truck	04/07/15	04/2019	1.91%	31,563		31,563	
District 2 - 2014 Mack dump truck (refinanced)	01/23/18	01/2021	3.39%		60,604	12,826	47,778
District 2 - 2016 Ford F 250 truck	11/03/15	11/2017	1.87%	1,996		1,996	
District 3 - John Deere backhoe	12/01/14	01/2018	1.98%	47,320		47,320	
District 3 - John Deere backhoe (refinanced)	01/04/18	01/2021	2.78%		45,364	9,757	35,607
District 3 - 2016 Western Star truck	10/29/15	10/2020	2.14%	76,836		23,703	53,133
District 3 - Used New Holland tractor w/ mower	09/13/16	09/2020	2.15%	58,745		19,162	39,583
District 3 - Kubota tractor	09/30/16	08/2019	1.78%	31,157		16,122	15,035
District 3 - Motor grader	05/01/17	05/2022	2.31%	220,160		15,431	204,729
District 4 - Refinanced 2012 Mack Truck	04/28/17	04/2020	2.49%	46,739		17,737	29,002

WAYNE COUNTY
Schedule of Changes in Long-term Debt
For the Year Ended September 30, 2018
UNAUDITED

The following is a summary of changes in long-term liabilities and obligations for the year ended September 30, 2018:

Description and Purpose	Issue Date	Maturity Date	Interest Rate	Balance Oct. 1, 2017	Issued	Principal Payments	Balance Sept. 30, 2018
Governmental Activities:							
District 4 - 2006 Western Star dump truck	09/09/13	09/2018	2.45%	6,927		6,927	0
District 4 - 2013 Mack dump truck	12/09/13	01/2018	2.29%	62,188		62,188	0
District 4 - 420E Caterpillar backhoe	10/14/15	10/2017	1.94%	1,571		1,571	0
District 4 - 2013 Mack dump truck (refinanced)	01/23/18	01/2021	3.39%		59,815	12,772	47,043
District 4 - New Kubota tractor/boom mower	01/11/17	01/2022	2.25%	98,374		21,860	76,514
District 5 - 2015 Caterpillar motor grader	01/21/15	02/2020	2.03%	176,291		17,551	158,740
District 5 - Caterpillar backhoe loader	01/27/16	02/2020	1.94%	94,905		12,653	82,252
District 5 - John Deere 544K loader	04/22/16	05/2020	1.84%	141,372		16,419	124,953
District 5 - Kubota tractor w/ bush hog	05/23/16	05/2020	1.84%	34,954		12,906	22,048
Countywide - New 2018 Komatsu Wheel loader	01/01/18	01/2021	2.16%		218,000	14,475	203,525
Countywide - Komatsu wheel loader	11/17/14	12/2017	2.03%	161,817		161,817	
Sanitation - 2016 Western Star truck	07/02/15	07/2018	1.86%	29,689		29,689	
Sanitation - 2017 Western Star truck	06/02/16	05/2020	1.82%	88,910		33,935	54,975
Fire Dept - 3 Freightliner pumper fire trucks	01/29/16	12/2019	1.86%	220,138		53,212	166,926
Fire Dept - Freightliner pumper fire truck	09/12/16	09/2020	1.95%	85,277		27,874	57,403
C. Other Loans:							
Industrial development loan	06/10/16	06/2019	2.40%	369,316		181,855	187,461
Countywide Dozer-Signature Loan	08/10/17	8/2019	2.95%	24,188		12,447	11,741
District 2- 2017 Ford F350 Signature Loan	05/01/17	6/2019	2.85%	25,327		14,312	11,015
Countywide Excavator-Signature Loan	06/28/17	7/2022	3.90%	169,844		14,090	155,754
Total				\$ 7,846,872	661,866	1,417,347	7,091,391

The accompanying notes to the Other Information are an integral part of this statement.

WAYNE COUNTY
Schedule of Surety Bonds for County Officials
For the Year Ended September 30, 2018
UNAUDITED

Name	Position	Company	Bond
David Mills	Supervisor District 1	RLI Insurance Company	\$100,000
Joe Dyess	Supervisor District 2	RLI Insurance Company	\$100,000
Jerry Hutto	Supervisor District 3	RLI Insurance Company	\$100,000
Tommy Roberts, Sr.	Supervisor District 4	RLI Insurance Company	\$100,000
Gaston Hutcherson	Supervisor District 5	RLI Insurance Company	\$100,000
Geary Jackson	Chancery Clerk	RLI Insurance Company	\$100,000
Kristen Harrison	Purchase Clerk	RLI Insurance Company	\$75,000
Lucindako Davis	Purchase Clerk	RLI Insurance Company	\$75,000
Tina Cochran	Assistant Purchase Clerk	Western Surety Company	\$50,000
Melissa Davis	Receiving Clerk	Western Surety Company	\$75,000
Brenda B. Mills	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Christopher S. McIlwain	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Keith McLaughlin	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
John P. Donald	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Johnny W Lee	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
J. W. Freeman, Jr.	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Martin D. Stevison	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Janet Bishop	Assistant Receiving Clerk	RLI Insurance Company	\$50,000
Kevin Stevens	Inventory Control Clerk	RLI Insurance Company	\$75,000
Alan Scott Frost	Constable	RLI Insurance Company	\$50,000
James Beard	Constable	RLI Insurance Company	\$50,000
Rose Bingham	Circuit Clerk	RLI Insurance Company	\$100,000
Jody Ashley	Sheriff	RLI Insurance Company	\$100,000
Charles Chapman	Justice Court Judge	Western Surety Company	\$50,000
Leslie S. Walker	Justice Court Judge	RLI Insurance Company	\$50,000
Christy James	Justice Court Clerk	Western Surety Company	\$50,000
Larita M. McCann	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Jimmie Ashley Pitts	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Georgia M. Vaughn	Deputy Justice Court Clerk	Western Surety Company	\$50,000
Wanda Worsham	Deputy Justice Court Clerk	RLI Insurance Company	\$50,000
Debbie Richards	Tax Assessor-Collector	RLI Insurance Company	\$100,000
Abby S. Holifield	Deputy Tax Collector	RLI Insurance Company	\$50,000
Latonia M. McIlwain	Deputy Tax Collector	RLI Insurance Company	\$50,000
Priscilla A. Pittman	Deputy Tax Collector	RLI Insurance Company	\$50,000
Melinda P. Taylor	Deputy Tax Collector	RLI Insurance Company	\$50,000
Christina Lewis	Deputy Tax Collector	RLI Insurance Company	\$50,000
Rose M. Trisler	Deputy Tax Collector	RLI Insurance Company	\$50,000

WAYNE COUNTY

Notes to the Other Information
For the Year Ended September 30, 2018

(1) Budgetary Comparison Information.

A. Budgetary Information.

Statutory requirements dictate how and when the County's budget is to be prepared. Generally, in the month of August, prior to the ensuing fiscal year beginning each October 1, the Board of Supervisors of the County, using historical and anticipated fiscal data and proposed budgets submitted by the Sheriff and the Tax Assessor-Collector for his or her respective department, prepares an original budget for each of the Governmental Funds for said fiscal year. The completed budget for the fiscal year includes for each fund every source of receipt, each general item of disbursement, and the unencumbered cash and investment balances. When during the fiscal year it appears to the Board of Supervisors that budgetary estimates will not be met, it may make revisions to the budget.

The County's budget is prepared principally on the cash basis of accounting. All appropriations lapse at year end, and there are no encumbrances to budget because state law does not require that funds be available when goods or services are ordered, only when payment is made.

B. Basis of Presentation.

The Budgetary Comparison Schedule - Budget and Actual presents the original legally adopted budget, the final legally adopted budget, actual amounts on a budgetary basis and variances between the final budget and the actual amounts. The schedule is presented for the General Fund and each major Special Revenue Fund.

(2) Long-term Debt Information:

A. Legal Debt Margin - The amount of debt, excluding specific exempted debt that can be incurred by the County is limited by state statute. Total outstanding debt during a year can be no greater than 15% of assessed value of the taxable property within the County, according to the then last completed assessment for taxation. However, the limitation is increased to 20% whenever a county issues bonds to repair or replace washed out or collapsed bridges on the public roads of the county. As of September 30, 2018, the amount of outstanding debt was equal to 2.11% of the latest property assessments.

B. Subsequent Events.

Subsequent to September 30, 2018, the County issued the following debt obligation(s):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Issue Amount</u>	<u>Type of Financing</u>	<u>Source of Financing</u>
10/29/2018	5.05%	\$ 83,060	Capital lease	Ad valorem taxes
03/04/2019	4.95%	93,825	Capital lease	Ad valorem taxes
04/18/2019	4.03%	168,961	Capital lease	Ad valorem taxes
11/21/2019	3.60%	95,000	Refinance	Hancock Bank
02/03/2020	3.19%	64,000	Refinance	Hancock Bank
02/03/2020	3.24%	281,288.65	Lease Purchase	Hancock Bank

WAYNE COUNTY

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WAYNE COUNTY

SPECIAL REPORTS

WAYNE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Members of the Board of Supervisors
Wayne County, Mississippi

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wayne County, Mississippi (the County), as of and for the year ended September 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated May 7, 2020. Our report includes an adverse opinion on the aggregate discretely presented component units due to the omission of the discretely presented component units which are required by accounting principles applicable to the County's cash basis of accounting to be reported with the financial data of the County's primary government unless the County also issues financial statements for the financial reporting entity that include the financial data for its component units.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wayne County, Mississippi's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wayne County, Mississippi's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses as 2018-001 and 2018-002 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wayne County, Mississippi's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and

accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as item 2018-002.

We also noted certain matters which we have reported to the management of Wayne County, Mississippi, in the Limited Internal Control and Compliance Review Management Report dated May 7, 2020, included within this document.

Wayne County’s Responses to Findings

Wayne County’s responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Wayne County’s responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 7, 2020



STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

**INDEPENDENT ACCOUNTANT'S REPORT ON CENTRAL PURCHASING SYSTEM, INVENTORY CONTROL
SYSTEM AND PURCHASE CLERK SCHEDULES
(AS REQUIRED BY SECTION 31-7-115, MISS. CODE ANN. (1972))**

Members of the Board of Supervisors
Wayne County, Mississippi

We have examined Wayne County, Mississippi's (the County) compliance with establishing and maintaining a central purchasing system and inventory control system in accordance with Sections 31-7-101 through 31-7-127, Miss. Code Ann. (1972) and compliance with the purchasing requirements in accordance with the bid requirements of Section 31-7-13, Miss. Code Ann. (1972) during the year ended September 30, 2018. The Board of Supervisors of Wayne County, Mississippi is responsible for the County's compliance with those requirements. Our responsibility is to express an opinion on the County's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the County's compliance with specified requirements. The Board of Supervisors of Wayne County, Mississippi, has established centralized purchasing for all funds of the County and has established an inventory control system. The objective of the central purchasing system is to provide reasonable, but not absolute, assurance that purchases are executed in accordance with state law.

Because of inherent limitations in any central purchasing system and inventory system, errors or irregularities may occur and not be detected. Also, projection of any current evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

In our opinion, Wayne County, Mississippi complied, in all material respects, with state laws governing central purchasing, inventory and bid requirements for the year ended September 30, 2018.

The accompanying schedules of (1) Purchases Not Made from the Lowest Bidder, (2) Emergency Purchases and (3) Purchases Made Noncompetitively from a Sole Source are presented in accordance with Section 31-7-115, Miss. Code Ann. (1972). The information contained on these schedules has been subjected to procedures performed in connection with our aforementioned examination of the purchasing system and, in our opinion, is fairly presented when considered in relation to that examination.

This report is intended for use in evaluating the central purchasing system and inventory control system of Wayne County, Mississippi, and is not intended to be and should not be relied upon for any other purpose. However, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink, appearing to read "Joe E. Mcknight". The signature is written in a cursive, flowing style.

JOE E. MCKNIGHT, CPA
Director, County Audit Section

May 7, 2020

WAYNE COUNTY

Schedule of Purchases From Other Than the Lowest Bidder
 For the Year Ended September 30, 2018

Schedule 1

<u>Date</u>	<u>Item Purchased</u>	<u>Bid Accepted</u>	<u>Vendor</u>	<u>Lowest Bid</u>	<u>Reason for Accepting Other Than the Lowest Bid</u>
11/27/2017	Culverts & Metal	\$ 2,452	High Standards	\$ 1,752	Bid winner didn't have items in stock.

WAYNE COUNTY
Schedule of Emergency Purchases
For the Year Ended September 30, 2018

Schedule 2

<u>Date</u>	<u>Item Purchased</u>	<u>Amount Paid</u>	<u>Vendor</u>	<u>Reason for Emergency Purchase</u>
4/18/2018	Materials for bridge repair	\$ 728,273.73	Pandale Inc.	Emergency closure of bridge

WAYNE COUNTY

Schedule of Purchases Made Noncompetively From a Sole Source
For the Year Ended September 30, 2018

Schedule 3

Our tests did not identify any purchases made noncompetively from a sole source.

WAYNE COUNTY

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STATE OF MISSISSIPPI
OFFICE OF THE STATE AUDITOR
SHAD WHITE
AUDITOR

LIMITED INTERNAL CONTROL AND COMPLIANCE REVIEW MANAGEMENT REPORT

Members of the Board of Supervisors
Wayne County, Mississippi

In planning and performing our audit of the cash basis financial statements of Wayne County, Mississippi (the County) for the year ended September 30, 2018, we considered Wayne County, Mississippi's internal control to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide assurance on internal control.

In addition, for areas not considered material to Wayne County, Mississippi's financial reporting, we have performed some additional limited internal control and state legal compliance review procedures as identified in the state legal compliance audit program issued by the Office of the State Auditor. Our procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on the County's compliance with these requirements. Accordingly, we do not express such an opinion. This report does not affect our report dated May 7, 2020, on the financial statements of Wayne County, Mississippi.

Due to the reduced scope, these review procedures and compliance tests cannot and do not provide absolute assurance that all state legal requirements have been complied with. Also, our consideration of internal control would not necessarily disclose all matters within the internal control that might be weaknesses. In accordance with Section 7-7-211, Miss. Code Ann. (1972), the Office of the State Auditor, when deemed necessary, may conduct additional procedures and tests of transactions for this or other fiscal years to ensure compliance with legal requirements.

The results of our review procedures and compliance tests identified certain areas immaterial instances of noncompliance with state laws and regulations that are opportunities for strengthening internal controls and operating efficiency. Our findings, recommendations, and your responses are disclosed below:

Board of Supervisors and Assistant Receiving Clerk.

1. Assistant Receiving Clerks should be bonded as required by state statute.

Repeat Finding Yes

Criteria Section 31-7-124, Miss. Code Ann. (1972), requires the Assistant Receiving Clerks to execute a bond in a penalty not less than \$50,000, to be payable, conditioned and approved as provided by law. Also, 25-1-15, Miss. Code Ann. (1972), requires the given individual bond coverage shall continue by the securing of a new bond every four (4) years concurrent with the normal election cycle of the Governor or with the normal election cycle of the local government applicable to the employee.

Condition The Assistant Receiving Clerk was not adequately bonded for the fiscal year 2018.

Cause Failure to obtain proper bond coverage.

Effect Failure to comply with the statutes would limit the amount available for recovery if a loss occurred over multiple terms.

Recommendation The County should implement additional procedures to ensure the Assistant Receiving Clerks are bonded as required by state statute.

Views of Responsible Official(s) This has been corrected.

Board of Supervisors and Justice Court Clerk.

2. The Justice Court Clerk should reconcile the bank statements monthly and ensure that deposits are made daily.

Repeat Finding Yes

Criteria As reported in the prior year audit report, an effective internal control system for cash includes the monthly reconciliation of bank accounts and maintain daily deposits.

Condition Daily deposits are not being made therefore reconciliations are not being made to the bank accounts each month.

Cause Justice Court Clerk failed to reconcile and make daily deposits.

Effect Failure to make daily deposits and reconcile the accounts could result in the loss or misappropriation of public funds.

Recommendation The Justice Court Clerk should ensure the bank statements are reconciled and all daily deposits are made.

Views of Responsible Official(s) The previous Justice Court Clerk did not make daily deposits or reconcile monthly. As the current Justice Court Clerk, daily deposits are made and reconciling bank statements with the New Justice Court Clearing Account are being made monthly.

Wayne County’s responses to the findings included in this report were not audited, and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Supervisors, and others within the entity and is not intended to be and should not be used by anyone other than these parties. However, this report is a matter of public record and its distribution is not limited.



JOE E. MCKNIGHT, CPA
 Director, County Audit Section

May 7, 2020

WAYNE COUNTY

SCHEDULE OF FINDINGS AND RESPONSES

WAYNE COUNTY

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WAYNE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2018

Section 1: Summary of Auditor’s Results

Financial Statements:

- | | |
|---|---------------|
| 1. Type of auditor's report issued on the financial statements: | |
| Governmental activities | Unmodified |
| Aggregate discretely presented component units | Adverse |
| General Fund | Unmodified |
| Meadowland Park Construction Fund | Unmodified |
| Aggregate remaining fund information | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified? | None Reported |
| 3. Noncompliance material to the financial statements noted? | Yes |

Section 2: Financial Statement Findings

Board of Supervisors.

Material Weakness

2018-001. Revenues and general journal entries should be recorded correctly in the general ledger

Repeat Finding No

Criteria An effective system of internal control includes properly recording revenues and general journal entries in the general ledger.

Condition Several cash basis adjusting entries were proposed to management and made to correct improper revenue recognition and general journal entries in some of the county funds.

Cause The County failed to correctly recognize revenues and general journal entries which caused misclassification errors in the County’s cash basis general ledger.

Effect Failure to properly record revenues and general journal entries could result in misstated cash basis financial statements.

Recommendation The Board of Supervisors should ensure that all revenues are properly classified and all general journal entries are properly recorded in the general ledger

Views of Responsible Official(s) Measures are being taken to correct this matter.

WAYNE COUNTY

Schedule of Findings and Responses
For the Year Ended September 30, 2018

Board of Supervisors.

**Material Weakness
Material Non-Compliance**

2018-002.	<u>Warrants should not be signed without sufficient money in the funds.</u>
Repeat Finding	No
Criteria	Section 19-13-43, Miss. Code Ann. (1972), prohibits the signing of warrants or the delivery of warrants until there is sufficient money in the fund upon which it is drawn to pay the same.
Condition	Warrants were issued on funds which did not have sufficient money available. At September 30, 2018 the Agency Clearing fund had a negative cash balance of \$8,413.
Cause	The County failed to correctly settle state court assessments which caused a negative cash balance in the Agency Clearing Fund.
Effect	Failure to maintain sufficient cash balances in county fund prior to writing checks on these funds results in other funds' cash being used for purposes other than their intended purpose.
Recommendation	The Board of Supervisors should ensure that no warrants are signed or delivered until there is sufficient money in the funds upon which it is drawn to pay the same, as required by law.
Views of Responsible Official(s)	Measures have been taken to correct this error. Upon proof to the State, Wayne County will receive a credit for the negative balance.